

Investment Fund Services

# IFSL Hathaway Fund

Interim Report and Unaudited  
Financial Statements

for the six month period ended 31 March 2024



**Hathaway**

Investment Management

## **IFSL HATHAWAY FUND**

### **CONTACT INFORMATION**

#### **Authorised Fund Manager (AFM) and Registrar**

Investment Fund Services Limited (IFSL)  
Marlborough House  
59 Chorley New Road  
Bolton  
BL1 4QP

Investor Support: (0808) 178 9321 (FREEPHONE)

Authorised and regulated by the Financial Conduct Authority.

#### **Directors of IFSL**

Andrew Staley (Non-Executive)  
Allan Hamer  
Dom Clarke  
Helen Derbyshire - resigned, 11 December 2023  
Helen Redmond  
Sally Helston  
Guy Sears (Independent Non-Executive) - resigned, 25 March 2024  
Katherine Damsell (Independent Non-Executive) - appointed, 25 March 2024  
Sarah Peaston (Independent Non-Executive)

#### **Investment Manager**

Hathaway Investment Management Limited  
Grosvenor House  
14 Bennetts Hill  
Birmingham  
B2 5RS

Authorised and regulated by the Financial Conduct Authority.

#### **Depositary** (in its capacity as Trustee)

HSBC Bank plc  
8 Canada Square  
London  
E14 5HQ

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

#### **Auditor**

Ernst & Young LLP  
Atria One  
144 Morrison Street  
Edinburgh  
EH3 8EX

## IFSL HATHAWAY FUND

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## IFSL HATHAWAY FUND

### AUTHORISED INVESTMENT MANAGER'S REPORT

for the six month period ended 31 March 2024

#### Performance to 31 March 2024

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>10 years</u>	<u>25/11/2002*</u>
IFSL Hathaway Fund	8.56%	6.81%	1.13%	19.96%	75.80%	344.78%
IA Mixed Investment 40% - 85% Shares	10.16%	10.12%	10.65%	29.13%	72.77%	282.80%

\* Launch date of IFSL Hathaway Fund.

External Source of Economic Data: Morningstar (Accumulation - quoted price to quoted price).

The performance figures above are based on quoted prices and will, therefore, differ from the performance in the Comparative Table.

Capital at risk. Past performance is not a reliable indicator of future performance; the value of your investment and any income from it can go down as well as up. Performance returns are based on the net asset value with distributable income reinvested and take account of all ongoing charges, but not entry charges (if applicable). The past performance of this unit class is calculated in sterling.

#### Investment commentary

##### Recent performance

Against a background of a further worsening international security environment, with conflict now also in the Middle East and continuing high interest rates, it is welcome to record an encouraging outcome for the half year, although the disappointments of 2022 are still reflected in the medium-term numbers.

Since the latest returns were strengthened though, by gratifying long-term [over five years] numbers, the latter record very much remains intact: this time, our Fund's Accumulation units posted a return of 8.6% for the half year ended 31 March 2024, reflecting a 17.5p increase in price. Launched in 2002 at 50p, accumulation units are now priced at 222.39p, reflecting annual compounding\* at 7.2% over our first 21½ years (up from the 6.9% annual rate recorded in September). We remain reassuringly ahead of our peer group benchmark\*\*, the Investment Association Mixed Investment 40% - 85% Shares sector, over ten years and since launch, although we clearly have ground to make up over shorter periods.

To summarize recent performance then: with our long-term percentage advantage remaining very much in place, we trust that shorter periods will soon follow suit.

##### Investing conditions - inflation

We covered this subject in the annual report and - no boasting - recorded our considerable outperformance of rising prices since we launched; suffice to say here, that our advantage robustly remains in place, as the rate of price increases is subsiding.

Nonetheless, we remain vigilant as to the effects on our portfolio.

##### Investing conditions – portfolio developments

The general theme of our remarks here is unchanged from the annual report, with us continuing to expect a recovery in certain stocks, but with much of the lost ground in fact now made up, although of course alongside a few disappointments.

Meanwhile, our portfolio members continued to post satisfactory business reports, whatever their shares did while, for the most part, their share prices indeed started catching up with their owners' economic performance.

Almost inevitably though, after such a stunning 2023 return, Games Workshop (tabletop war games) saw its shares fall 5% in the six months, but Next (UK clothes retailing) added a further 27%, Babcock (heavy maintenance etc.) reflected the global security concerns we opened with, and was up 29%, but Britvic (soft drinks) slipped 5%; Tesco though (food retailing), added a further 13%.

Our disappointment, described in the annual report, in the 40% decline of Somero (cement screeding) last year, was alleviated somewhat by its healthy 23% recovery this time, while Techtronic (electric DIY tools) - also weak last year - made up lost ground and was up 42%.

Meanwhile, also on the recovery list, Big Yellow Group ended the half year up 15%.

Diageo (Gordon's Gin & Johnnie Walker whisky worldwide) was unchanged in the six months, as it sought to arrest material business weakness in South America, but at least its shares declined no further.

The shine of a generally robust team performance was taken off then, by that slight retrenchment of Games Workshop & Britvic, the malaise in Diageo shares and by an 11% decline in Travis Perkins.

The conclusion about the latest six months is clear though: a more "usual" period under review.

## IFSL HATHAWAY FUND

### AUTHORISED INVESTMENT MANAGER'S REPORT

for the six month period ended 31 March 2024

#### Investment commentary (continued)

##### Outlook – what our investors may expect

We anticipate a continued recovery in our stocks, although it may take longer than we would like; all investors meanwhile, may be in for further turbulence. Generally, investors continue to concentrate on the very short term: hence the volatility still stalking stock markets worldwide and, for example, the feverish speculation in gold.

So, we will continue value investing amidst the mayhem, while we ask unitholders, as ever, to keep their expectations rational; all the quotes from famous people we have used, over the years, remain doubly appropriate.

In closing, we again thank IFSL for their accurate administration. We look forward to reporting our annual results in the autumn and unitholders requiring up to date prices etc., should refer to our website.

Graham Englefield / Graham Shaw CFA  
Hathaway Investment Management Limited  
22 April 2024

[www.hathawayinvestment.com](http://www.hathawayinvestment.com)

\* Annual compounding means that interest rate which, if uniformly applied each year over a given period, would arrive at the actual result; thus: 50p becomes 222.39p over 21 1/2 years at an annual rate of 7.2%. Returns naturally differ widely in fact from period to period; compound interest/annual compounding - usually expressed on an annual basis - smooths the numbers, without compromising accuracy.

\*\* A benchmark is a comparator fund or appropriate group of funds/index, against which a fund's performance is measured; it is used to evaluate a fund by comparing its returns over time, most usefully over the long term.

#### Distributions

	<u>Year 2024</u>	<u>Year 2023</u>	<u>Year 2022</u>	<u>Year 2021</u>
<u>Income (pence per unit)</u>				
Net income paid 31 May	1.9829	1.2185	1.0475	0.6041
Net income paid 30 November		1.6914	0.7505	0.3235
<u>Accumulation (pence per unit)</u>				
Net accumulation paid 31 May	2.8494	1.7139	1.4555	0.8384
Net accumulation paid 30 November		2.3983	1.0459	0.4538

#### Portfolio changes

There were no purchases or sales during the six month period ended 31 March 2024.

## **IFSL HATHAWAY FUND**

### **AUTHORISED STATUS**

IFSL Hathaway Fund (the Fund) is an authorised unit trust scheme within the meaning of the Financial Services and Markets Act 2000 and is a UCITS scheme operating under the Collective Investment Schemes Sourcebook (COLL) as issued by the Financial Conduct Authority.

### **GENERAL INFORMATION**

#### **Investment objective**

The investment objective of the Fund is to grow the value of a unitholder's capital and income, over a period of at least 5 years. This growth is expected to come from a combination of gains in investments held and income received by the Fund - such as bond interest and dividends from shares.

#### **Investment policy**

The Fund is actively managed, which means the Investment Manager decides which investments to buy or sell, and when, across different industries and regions of the world.

The Investment Manager considers economic and market conditions, but the focus is on individual company analysis. The aim is to identify companies which show good long-term growth potential, and which appear to be undervalued given their prospects.

The Fund will invest between 40 - 85% of its portfolio in the shares of companies. There will be a bias towards enterprises that are expected to pay steady dividends; however, the Fund may occasionally invest in securities which do not pay dividends.

The Fund will invest between 15 - 60% of its portfolio in bonds, which are loans typically issued by companies, governments and other institutions. These will typically be investment grade bonds, where the issuer has a high and reliable capacity to repay the debt. However, from time to time, our operations may include sub-investment grade bonds (which can be more vulnerable to changing market conditions, but typically pay a higher rate of interest) where we judge them to be incorrectly downgraded.

The Fund may also invest in money market instruments, which are shorter term loans.

The Fund will hold cash to enable the ready settlement of liabilities and for the efficient management of the portfolio. The Fund may hold cash up to a maximum of 30%, in extreme market conditions.

#### **Assessing performance**

The Investment Association (IA), the trade body for UK investment managers, has created a number of 'sectors' as a way of dividing funds into broad groups with similar characteristics.

The Fund's investment policy puts it in the IA Mixed investment 40-85% Shares sector. You may want to assess the Fund's performance compared to the performance of this sector.

#### **Rights and terms attaching to each unit class**

A unit of each class represents a proportional entitlement to the assets of the Fund. The allocation of income and taxation and the rights of each unit in the event the Fund is wound up are on the same proportional basis.

#### **Changes in prospectus**

There have been no significant changes since the last report.

Up to date Key Investor Information Documents, Prospectus and Long Reports and Financial Statements for any fund within the AFM's range, can be requested by the investor at any time.

**IFSL HATHAWAY FUND**

**DIRECTORS' STATEMENT**

This report has been prepared in accordance with the requirements of the Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority.



Allan Hamer  
Director



Helen Redmond  
Director

Investment Fund Services Limited  
24 May 2024

## IFSL HATHAWAY FUND

### COMPARATIVE TABLE

<b>Income units</b>	<b>Period to</b>	<b>Year to</b>	<b>Year to</b>	<b>Year to</b>
<b>Change in net assets per unit</b>	<b>31.03.2024</b>	<b>30.09.2023</b>	<b>30.09.2022</b>	<b>30.09.2021</b>
	<b>pence</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>
Opening net asset value per unit	144.16	135.40	172.24	145.60
Return before operating charges*	11.33	13.28	(34.24)	29.46
Operating charges	(0.81)	(1.61)	(1.85)	(1.89)
Return after operating charges*	10.52	11.67	(36.09)	27.57
Distributions on income units	(1.98)	(2.91)	(0.75)	(0.93)
Closing net asset value per unit	152.70	144.16	135.40	172.24

\* after direct transaction costs of: - 0.09 0.10 0.17

#### Performance

Return after charges<sup>A</sup> 7.30% 8.62% (20.95)% 18.94%

#### Other information

Closing net asset value (£)	5,676,748	5,360,014	5,471,994	7,191,033
Closing number of units	3,717,469	3,718,144	4,041,219	4,174,942
Operating charges	1.09% <sup>B,C</sup>	1.11% <sup>B</sup>	1.15%	1.16%
Direct transaction costs	0.00%	0.06%	0.06%	0.10%

#### Prices (pence per unit)

Highest unit price	154.93	153.06	174.69	179.67
Lowest unit price	138.39	133.60	137.10	143.37

#### Accumulation units

<b>Change in net assets per unit</b>	<b>Period to</b>	<b>Year to</b>	<b>Year to</b>	<b>Year to</b>
	<b>31.03.2024</b>	<b>30.09.2023</b>	<b>30.09.2022</b>	<b>30.09.2021</b>
	<b>pence</b>	<b>pence</b>	<b>pence</b>	<b>pence</b>
Opening net asset value per unit	206.96	190.57	239.47	201.29
Return before operating charges*	16.33	18.67	(46.31)	40.80
Operating charges	(1.16)	(2.28)	(2.59)	(2.62)
Return after operating charges*	15.17	16.39	(48.90)	38.18
Distributions on accumulation units	(2.85)	(4.11)	(1.05)	(1.29)
Retained distributions on accumulation units	2.85	4.11	1.05	1.29
Closing net asset value per unit	222.13	206.96	190.57	239.47

\* after direct transaction costs of: - 0.13 0.13 0.23

#### Performance

Return after charges<sup>A</sup> 7.33% 8.60% (20.42)% 18.97%

#### Other information

Closing net asset value (£)	10,165,154	9,696,227	9,239,750	13,123,211
Closing number of units	4,576,150	4,684,997	4,848,467	5,480,195
Operating charges	1.09% <sup>B,C</sup>	1.11% <sup>B</sup>	1.15%	1.16%
Direct transaction costs	0.00%	0.06%	0.06%	0.10%

#### Prices (pence per unit)

Highest unit price	222.39	215.31	242.79	249.25
Lowest unit price	198.66	187.94	191.81	198.13

<sup>A</sup> The return after charges is calculated using the underlying investments bid prices.

<sup>B</sup> On 30 November 2023, The Investment Association amended the disclosure of fund charges and costs originally issued on the 2 July 2020. Consequently, we have excluded, where relevant, charges incurred by closed-ended vehicles such as investment trusts.

<sup>C</sup> These figures have been annualised

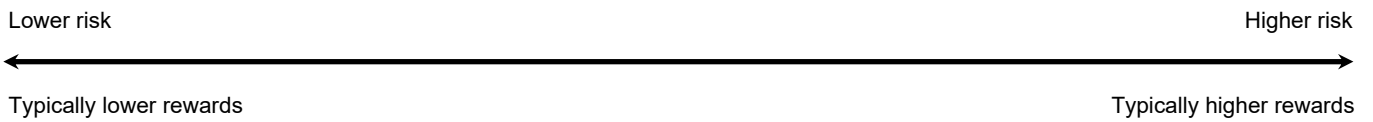
Operating charges are normally the same as the Ongoing Charges Figures (OCFs) and are the total expenses paid by each unit class in the period. Where it is considered unsuitable to use the total expenses paid by each unit class in the period to calculate the OCF because of material changes to the Fund's charges an estimate will be calculated instead. The OCFs disclosed in the Key Investor Information Document (KIID) (available on IFSL's website, [www.ifslfunds.com](http://www.ifslfunds.com)) give an estimate of future costs.

Direct transaction costs are the total charges for the period, included in the purchase and sale of investments in the portfolio of the Fund. These amounts are expressed as a percentage of the average net asset value over the period and the average units in issue for the pence per unit figures.



**IFSL HATHAWAY FUND**

**SYNTHETIC RISK AND REWARD INDICATOR** (all unit classes)



1	2	3	4	5	6	7
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This indicator aims to give you a measure of the price movement of the Fund based on past data. It uses historic returns over the last five years. If five years' data is not available, simulated data based on a representative portfolio is used.

This Fund has been measured as 5 because its investments have experienced moderate to high volatility in the past. During the period the synthetic risk and reward indicator has remained unchanged.

## IFSL HATHAWAY FUND

### PORTFOLIO STATEMENT

as at 31 March 2024

Holding or nominal value	Bid value £	Percentage of total net assets %
<b>LOAN STOCKS</b> (30 September 2023 - 17.10%)		
2,710,000 UK Treasury 2% 07.09.25	2,616,735	16.52
Total Loan Stocks	<u>2,616,735</u>	<u>16.52</u>
<b>AEROSPACE AND DEFENCE</b> (30 September 2023 - 7.17%)		
257,100 Babcock International Group	1,360,059	8.59
Total Aerospace and Defence	<u>1,360,059</u>	<u>8.59</u>
<b>BEVERAGES</b> (30 September 2023 - 7.89%)		
65,400 Britvic	536,280	3.38
20,000 Diageo	588,100	3.71
Total Beverages	<u>1,124,380</u>	<u>7.09</u>
<b>CLOSED END INVESTMENTS</b> (30 September 2023 - 7.50%)		
211,000 Downing Strategic Micro-Cap Investment Trust	122,380	0.77
163,250 Henderson High Income Trust	253,854	1.60
92,300 Law Debenture Corp	734,708	4.64
Total Closed End Investments	<u>1,110,942</u>	<u>7.01</u>
<b>INDUSTRIAL ENGINEERING</b> (30 September 2023 - 3.07%)		
170,000 Somero Enterprises	569,500	3.59
Total Industrial Engineering	<u>569,500</u>	<u>3.59</u>
<b>INDUSTRIAL SUPPORT SERVICES</b> (30 September 2023 - 12.88%)		
110,500 PayPoint	555,815	3.51
103,035 RS Group	752,568	4.75
71,061 Travis Perkins	513,629	3.24
Total Industrial Support Services	<u>1,822,012</u>	<u>11.50</u>
<b>LEISURE GOODS</b> (30 September 2023 - 8.23%)		
11,750 Games Workshop Group	1,166,188	7.36
Total Leisure Goods	<u>1,166,188</u>	<u>7.36</u>
<b>PERSONAL CARE, DRUG AND GROCERY STORES</b> (30 September 2023 - 4.69%)		
265,959 Tesco	794,685	5.02
Total Personal Care, Drug and Grocery Stores	<u>794,685</u>	<u>5.02</u>
<b>REAL ESTATE INVESTMENT TRUSTS</b> (30 September 2023 - 8.51%)		
59,000 Big Yellow Group	623,630	3.94
785,435 Primary Health Properties	731,633	4.62
Total Real Estate Investment Trusts	<u>1,355,263</u>	<u>8.56</u>
<b>RETAILERS</b> (30 September 2023 - 5.21%)		
10,750 Next	993,300	6.27
Total Retailers	<u>993,300</u>	<u>6.27</u>
<b>OVERSEAS SECURITIES</b> (30 September 2023 - 12.95%)		
4,625 Fresenius Medical Care	141,419	0.89
230 Givaudan	806,021	5.09
17,870 KONE 'B'	655,205	4.14
69,000 Techtronic Industries Co	741,835	4.68
Total Overseas Securities	<u>2,344,480</u>	<u>14.80</u>
<b>Portfolio of investments</b>	15,257,544	96.31
<b>Net other assets</b>	584,358	3.69
<b>Total net assets</b>	<u><u>15,841,902</u></u>	<u><u>100.00</u></u>

All investments are listed on recognised stock exchanges and are approved securities within the meaning of the FCA rules unless otherwise stated.

**IFSL HATHAWAY FUND**

**PORTFOLIO TRANSACTIONS**

for the six month period ended 31 March 2024

£

Total purchases costs, including transaction charges

-

Total sales proceeds, net of transaction charges

-

## IFSL HATHAWAY FUND

### STATEMENT OF TOTAL RETURN

for the six month period ended 31 March 2024

	31 March 2024		31 March 2023	
	£	£	£	£
Income:				
Net capital gains		888,439		1,205,253
Revenue	291,221		216,827	
Expenses	<u>(83,219)</u>		<u>(85,083)</u>	
Net revenue before taxation	208,002		131,744	
Taxation	<u>(2,075)</u>		<u>(2,028)</u>	
Net revenue after taxation		<u>205,927</u>		<u>129,716</u>
Total return before distributions		1,094,366		1,334,969
Distributions		(205,927)		(129,716)
Change in net assets attributable to unitholders from investment activities		<u>888,439</u>		<u>1,205,253</u>

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the six month period ended 31 March 2024

	31 March 2024		31 March 2023	
	£	£	£	£
Opening net assets attributable to unitholders		<sup>A</sup> 15,056,241		<sup>A</sup> 14,711,744
Amounts receivable on issue of units	58,323		390,132	
Amounts payable on cancellation of units	(291,493)		(946,209)	
Amounts payable on unit class conversions	<u>3</u>		<u>-</u>	
		(233,167)		(556,077)
Change in net assets attributable to unitholders from investment activities		888,439		1,205,253
Retained distribution on accumulation units		130,389		80,358
Closing net assets attributable to unitholders		<u>15,841,902</u>		<u>15,441,278</u>

<sup>A</sup> These figures are not the same as the comparatives are taken from the preceding interim period and not the last final accounts.

## IFSL HATHAWAY FUND

### BALANCE SHEET

as at 31 March 2024

	31 March 2024 £	30 September 2023 £
<b>Assets:</b>		
<b>Fixed Assets:</b>		
Investments	15,257,544	14,333,376
<b>Current Assets:</b>		
Debtors	292,025	107,111
Cash and bank balances	623,149	721,352
Total assets	<u>16,172,718</u>	<u>15,161,839</u>
<b>Current Liabilities:</b>		
<b>Creditors:</b>		
Distribution payable on income units	73,716	62,891
Other creditors	257,100	42,707
Total liabilities	<u>330,816</u>	<u>105,598</u>
<b>Net assets attributable to unitholders</b>	<u><u>15,841,902</u></u>	<u><u>15,056,241</u></u>

### NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six month period ended 31 March 2024

#### Basis for preparation

The interim financial statements have been prepared in compliance with UK Financial Reporting Standard 102 ("FRS 102") and in accordance with the Statement of Recommended Practice ("SORP") for Authorised Funds issued by the Investment Association in May 2014 and amended in June 2017.

The interim financial statements are prepared in sterling, which is the functional currency of the Fund. Monetary amounts in these financial statements are rounded to the nearest pound.

The interim financial statements have been prepared on the historical cost convention, modified to include the revaluation of investments and certain financial instruments at fair value.

#### Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 September 2023 and are described in those annual financial statements.

The investments of the Fund have been valued at their fair value at 12 noon on 28 March 2024.

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**Investment Fund Services Limited**  
Marlborough House, 59 Chorley New Road, Bolton, BL1 4QP

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**Fax.** (01204) 533 045

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Authorised and regulated by the Financial Conduct Authority and a  
member of The Investment Association.

Investment Fund Services